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**SANTEE ELECTRIC COOPERATIVE NEWS**

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A Touchstone Energy® Cooperative

## Solar, subsidies, and storage



**LAST SPRING** (in my April 2018 *SC Living* column), I told you how many cents of every dollar went to the four main costs categories we have here at SEC. Here's a reminder:

- ▶ 23 cents of every dollar go to the fixed costs of running SEC.
- ▶ 27 cents go to the cost of wholesale energy.
- ▶ 16 cents go to the demand burden placed on our distribution system.
- ▶ 34 cents go to the demand burden placed on the generation and transmission systems.

Distributed generation (DG)—especially generation provided from renewable resources—is a great thing. However, we need to make sure we understand where this generation helps—and where it does not.

The most common type of distributed generation in our region of the United States is solar power. I am certain you have seen solar farms popping up all over the place recently. We even have a small community solar program here at SEC. Solar certainly has its place, and I would like to draw your attention to the four cost categories with which I started this column. Every kilowatt-hour (kWh) provided by solar panels (or other DG sources) is a kWh that we do not have to buy as part of our wholesale power bill here at Santee Electric. That is important savings.

However, keep in mind that wholesale energy purchases are only 27 percent of the average cost for a residential service. Solar panels do not help us avoid the 23 percent that it costs to run your cooperative. More importantly, it does not remove the need for the capacity

of the distribution, transmission, and generation systems (a total of 50 percent of the cost). These systems have to be in place even when the sun is not shining. Therefore, solar power does not help us avoid three of the four costs.

We have to walk a fine line here at SEC. On one hand, we want to do what is good for the environment. We know that solar power (and wind and other sources, occasionally) are better for the environment than traditional bulk generation fuels. On the other hand, though, we cannot allow our ratepayers that choose to generate with solar panels to be subsidized by our other ratepayers. Any time a utility gives credit for DG that amounts to more than avoided energy and demand costs, that utility is choosing to allow a small group of its ratepayers to be subsidized by the majority.

The good news is that battery technology is improving every day. I truly believe that we are not very far from the day when it makes financial sense to store energy from solar panels when the sun is shining bright (peak is 10 a.m. to 2 p.m.). Then we can release that stored energy back onto the grid on a hot summer evening or a cold winter morning when the demand is peaking but the sun is low in the sky.

Be certain that your cooperative is tracking these changes in technology and pricing and will move as soon as it makes sense for the greater good of our membership.

**ROBERT G. ARDIS III**  
 President and Chief Executive Officer